

STRATEGY OF UKRAINIAN FINANCIAL SECTOR DEVELOPMENT UNTIL 2025

2022 Progress Report



MINISTRY OF
FINANCE OF
UKRAINE



National Bank
of Ukraine



DEPOSIT
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About the Strategy of Ukrainian Financial Sector Development until 2025

- In May 2019, the NBU, the National Securities and Stock Market Commission (NSSMC), the National Commission for State Regulation in the Financial Services Market (NCFS)*, the Deposit Guarantee Fund (DGF), and the Ministry of Finance of Ukraine (MoF) signed the **Memorandum** of Understanding and Cooperation on the Preparation and Implementation of the Strategy of Ukrainian Financial Sector Development until 2025 (hereinafter, the Strategy). The development of the Strategy lasted for almost the entire 2019.
 - **Financial sector regulators presented the Strategy on 16 January 2020.**
 - In line with the decision of the Financial Stability Council dated 13 December 2019, the interagency **Financial Development Committee was created** in order to ensure coordinated implementation of the roadmap, monitoring, and updating of the Strategy. A **Consultative Platform**, involving the market representatives and field experts, was established at the Committee. It meets several times per year.
 - **The Strategy sets the priorities and goals for the financial sector development** until 2025, which correlate with measures set in the [Action Plan of the EU-Ukraine Association Agreement Implementation](#) and the [National Economic Strategy for 2023](#).
 - **Five strategic areas include 19 strategic goals** of Ukraine's financial sector development until 2025.
 - Achieving the strategic goals is being monitored using **85 indicators**, which are almost equally divided into quantitative and qualitative.
 - The roadmap of the Strategy implementation consists of **79 measures and 287 individual actions** broken down by strategic areas.
 - The roadmap involves more than **20 participants**.
 - **The first update in March 2021** included extending the Strategy by adding 1 indicator, 5 new measures, and 23 new actions, updating the roadmap, and expanding the list of implemented EU acts.
 - Financial regulators, central executive authorities, and financial market participants **worked on the second update throughout 2021**. A meeting of the Consultative Platform took place on 18 February 2022, at which proposals were approved for the second update of the Strategy. In Q1 2022, these proposals were to be approved by the Financial Development Committee, followed by adopting and publishing of the updated Strategy, but Russia's military aggression against Ukraine changed these plans.
 - In May 2023, the Financial Stability Council decided to draw up a **new strategy of Ukrainian financial sector development** that would take into account the current goals and objectives caused by Russia's military aggression against Ukraine. The FSC also decided to put together an interdepartmental working group that will develop the strategy and that will include representatives of the authorities that will be tasked with implementing the strategy.
- The Strategy was approved by NBU Board decision No. 1010 dated 26 December 2019 (updated version was approved by Board decision No. 97 dated 18 March 2021), decision of the NSSMC No. 797 dated 27 December 2019, decision of the executive directorate of the DGF No. 67 dated 13 January 2020, and ordinance of the NCFS No. 55 dated 14 January 2020.
 - **The text of the Strategy and the information about its implementation is available** in section [Financial Sector Development](#) of the NBU's official website and on websites of other signatories of the Strategy.

* The NCFS's measures were divided between the NBU and the NSSMC as the NCFS was liquidated.

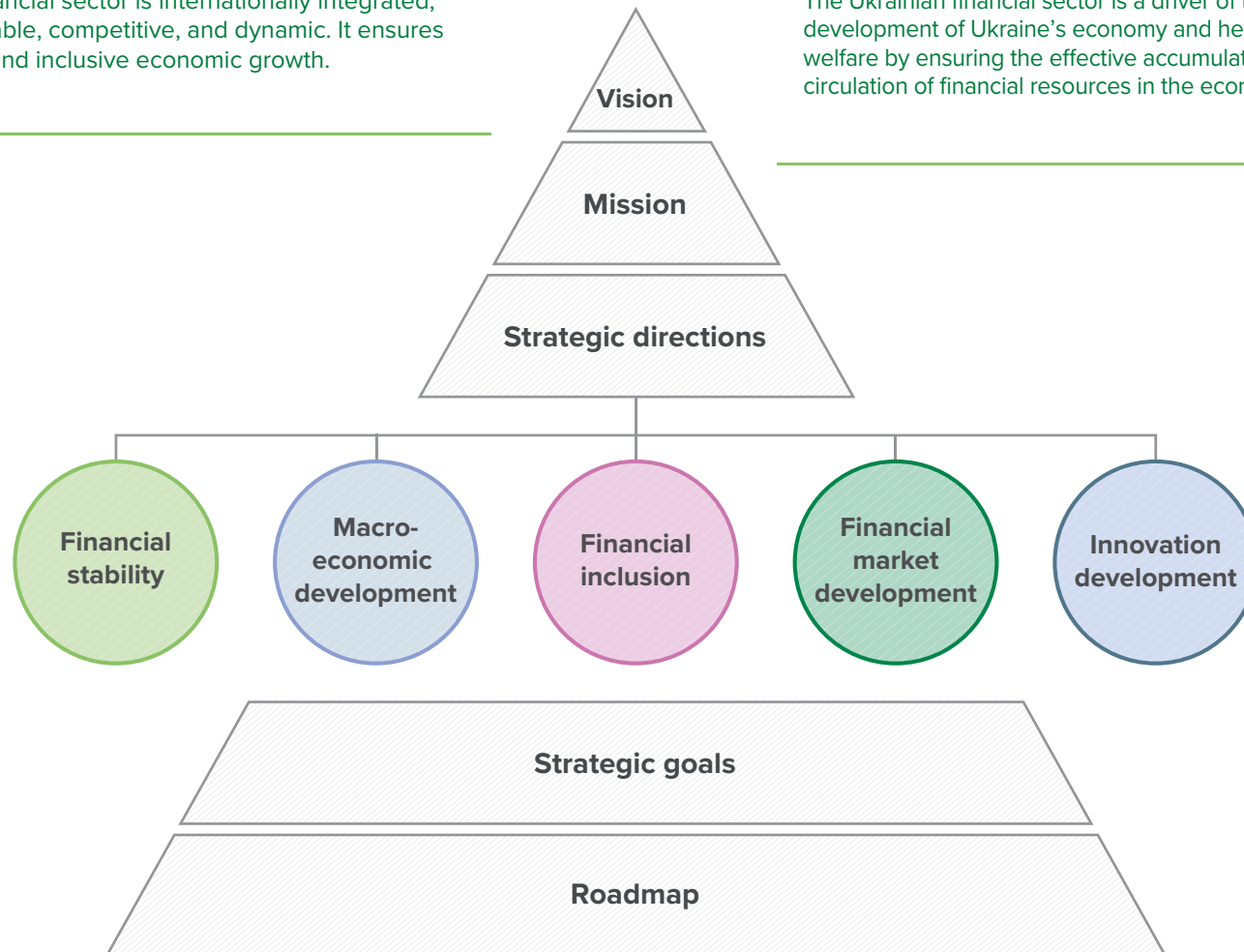
About the Strategy of Ukrainian Financial Sector Development until 2025

Vision of Ukraine's Financial Sector

The Ukrainian financial sector is internationally integrated, effective, sustainable, competitive, and dynamic. It ensures Ukraine's stable and inclusive economic growth.

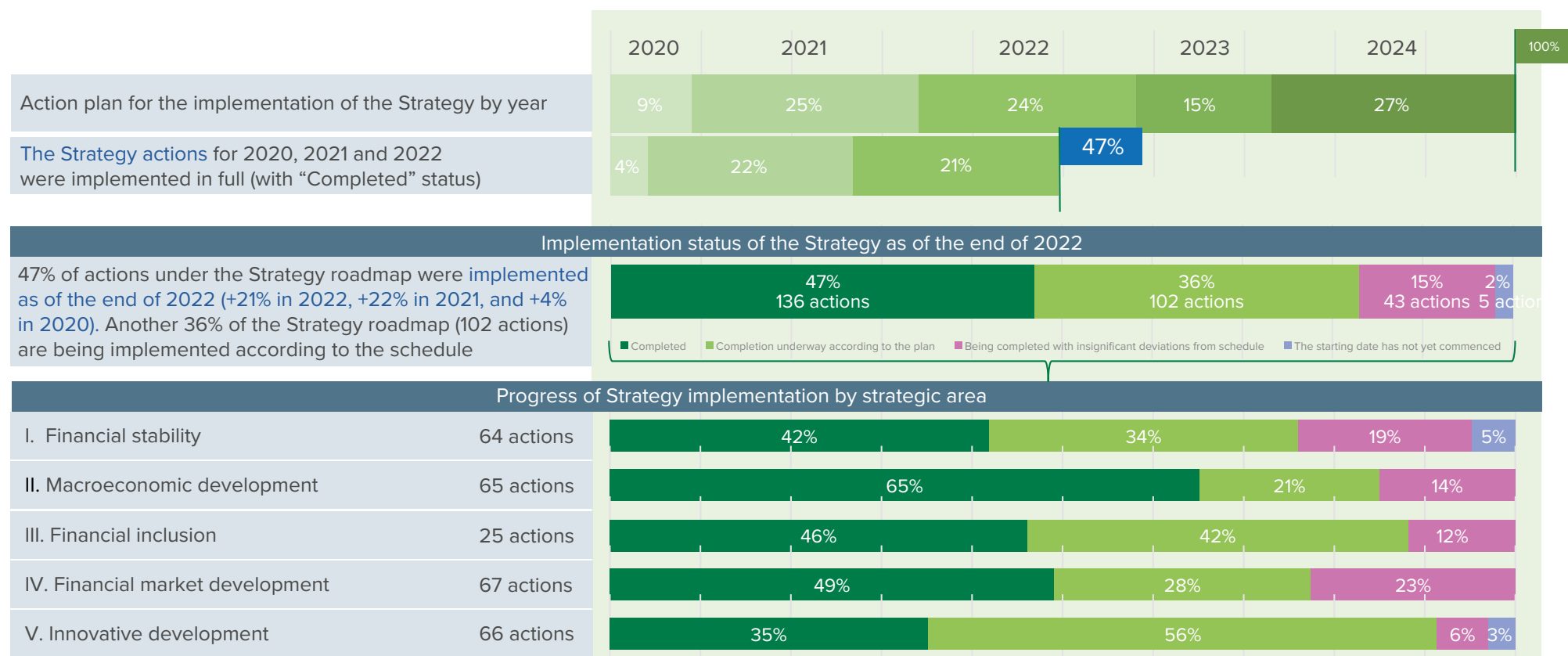
Mission of Ukraine's Financial Sector

The Ukrainian financial sector is a driver of the stable and inclusive development of Ukraine's economy and helps improve people's welfare by ensuring the effective accumulation, distribution, and circulation of financial resources in the economy.



Over two years of the Strategy implementation, 47% the Strategy implementation roadmap was completed comprising 136 fully completed actions as of the end of 2022. 83% of actions under the roadmap for the implementation of the Strategy were completed or are being implemented as scheduled

Planned and actual implementation of the Strategy Roadmap by year, progress, and strategic area as of the end of 2022



Top Achievements in Reforming and Development of the Ukrainian Financial Market in 2020–2022

Preparation to implement the new generation of NBU's System of Electronic Payments (SEP), based on ISO 20022 international standard, 24 hours a day, seven days a week	Law of Ukraine On Financial Services and Financial Companies was adopted	The Cybersecurity Strategy of Ukraine was approved	The Sustainable Finance Development Policy 2025 was approved	The Law of Ukraine On Insurance was adopted in the new wording	Adoption of the Law of Ukraine On Payment Services	Corporate governance was improved and the NBU's financial independence was reinforced
The DGF's debt on loans issued in 2014–2017 was restructured	Law of Ukraine on improving corporate governance in banks was adopted	Changes were adopted regarding the automatic exchange of financial information with other countries (including Common Reporting Standard/CRS)	The Law of Ukraine On Amending Certain Laws of Ukraine on Consumer Protection during Resolution of Past Due Debts was adopted	The regulatory framework for the derivative financial instruments market was created	The monopoly of the Settlement Center for delivery-versus-payment transactions with securities was canceled	Corporate governance standards of professional participants in the capital market and organized commodity markets were approved
The issue of taxes on transactions with investment gold and investment metals was settled	The Law of Ukraine On Partial Guarantee Fund for Agricultural Loans was adopted	The reorganization of the State Mortgage Institution was started	A pilot network of 15 information points for entrepreneurs was created	Financial Competences Framework for Adults was designed. A website for the Financial Knowledge Center TALAN with lesson materials for teachers was launched	A number of requirements for transparency of information and financial services advertising were introduced	Commodity exchanges were launched being granted licenses in line with the new legislation of Ukraine
The first IPO was held on the Ukrainian capital market according to the new procedure after the implementation of Prospectus Directive	The NBU joined the Global Financial Innovation Network (GFIN)	Targeted business models and the e-hryvnia draft concept were developed	Development of the institute of primary dealers was ensured	The Law of Ukraine On the Improvement of Certain Aspects of Banking Regulation (so-called "Anti-Kolomoisky Law") was adopted	An annex on corporate governance and sustainable development (ESG) was approved for the Corporate Governance Code	The Law of Ukraine On Financial Leasing was adopted

A detailed report on the implementation of the Strategy roadmap can be downloaded at the [link](#)


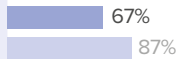




According to strategic areas I (especially), IV, and V, the number of actions performed with deviations from the schedule increased (compared to 2021). And although the share of completed actions in all strategic areas is growing, it is below the average level for I and V

Strategic goals		Completed	Being completed according to the schedule	Being completed with insignificant deviations from the schedule	The starting date has not yet commenced
Total for area I. Financial stability (64 actions)	Total number % of the total number	27 42%	22 34%	12 19%	3 5%
1. Effective regulation of the financial sector and improvement of supervisory approaches		10	9	7	
2. Transparent financial sector		4	6	3	3
3. Financial sector's resilience to challenges		7	3	2	
4. Increasing the quality of corporate governance and risk management in the financial sector		6	4		
Total for area II. Macroeconomic development (65 actions)	Total number % of the total number	42 65%	14 21%	9 14%	
1. Ensuring the sustainability of public finances		7	5		
2. Support of lending to the economy		28	6	2	
3. Enhancing protection of rights of creditors and investors		4		2	
4. Creating conditions for raising long-term funding for the economy		3	3	5	
Total for area III. Financial inclusion (25 actions, 1 to be confirmed)	Total number % of the total number	11 46%	10 42%	3 12%	
1. Enhancing accessibility and level of financial services usage		6	4		
2. Enhancing protection of consumer rights in financial services		4	2	2	
3. Improving financial literacy of households		1	4	1	

According to strategic areas IV and V, the actions performed with deviations from the schedule remained almost unchanged. The backlog for the outlined strategic actions of areas I, II, and IV is 36 actions, or 84% of the total backlog according to the roadmap

Strategic goals		Completed	Being completed according to the schedule	Being completed with insignificant deviations from the schedule	The starting date has not yet commenced
Total for area IV.	Total number	33	19	15	
Financial market development (67 actions)	% of the total number	49%	28%	23%	
1. Promoting nonbank financial services markets		12	7	6	
2. Effective capital market infrastructure		10	4	6	
3. Introducing liquid markets of financial instruments and mechanisms/ instruments of risk reduction for financial transactions		8	3	3	
4. Integrating the financial market of Ukraine into global finance		3	5		
Total for area V.	Total number	23	37	4	2
Innovative development (66 actions)	% of the total number	35%	56%	6%	3%
1. Developing transparent architecture of the financial market and oversight		12	3	2	2
2. Developing the FinTech market, digital technologies, and platforms of regulators		5	6		
3. Supporting development of SupTech&RegTech		3	16	2	
4. Developing e-economy		3	12		
Total for all areas	Total number	136	102	43	5
(286 actions, 1 action being clarified)	% of the total number	45%	36%	17%	2%

In 2022, there was a reduction in the average level of achieving the planned values of the Strategy indicators: the greatest lack of progress occurred in the areas of macroeconomic development, financial markets development, and innovative development

Strategic area	The number of indicators by strategic area (the number of available indicators)	The average performance of indicators* by a strategic area in 2022 (and 2021 reference)	Comments
I. Financial stability	19 (16)	 87% 90%	Part of the backlog was due to the long-winded passage of laws and regulations, the delay in bringing part of the economy out of the shadow and reducing the NPL ratio, and protracted actions to implement the BEPS Action Plan in Ukraine.
II. Macroeconomic development	16 (11)	 67% 87%	For indicators of all targets, lags or underreporting were observed outright due to the economic crisis caused by the war, which affected the state budget, the lending recovery, and household savings.
III. Financial inclusion	7 (6)	 96% 98%	A lag was detected in the Cash (M0)-to-GDP ratio, which grew above the level that was projected for 2022 before the war.
IV. Financial market development	24 (17)	 82% 92%	Most of the lag in the indicators was driven by the delay or postponement of legislative initiatives to build capital markets infrastructure.
V. Innovative development	23 (20)	 88% 99%	A certain delay in preparing to create a regulatory platform and develop SupTech&RegTech caused a lag in the average level of achievement of the indicator values planned for 2022.
Overall average performance of indicators in 2022 for all areas of the Strategy	89 (70)	 81%	

* The average performance of all indicators under the relevant goal for certain period (2022) for the relevant area was based only on the available indicators.

! Assessing the performance of indicators in 2022 was complicated due to the lack of full data, as was the interpretation of achieved results for qualitative (descriptive) indicators. Planned interim values of indicators for 2021–2024 were not set by the Strategy. The performed analysis is therefore primarily based on expert judgement, is supplemented with hypotheses, and aims to compare the achievement of target values of indicators and the progress of implementing the Strategy roadmap, which is generally confirmed by the indicators' performance: falling behind in areas I, IV, and V. The reduction in area II, which has the highest level of completed roadmap actions, can be explained both by the war-related economic crisis and by a different focus of the area's actions, which were written before the war.

Key areas for improving indicators going forward: catching up with legislative work, supporting lending to the economy, and ensuring the sustainability of government finances (1/2)

Strategic areas – strategic goals	The number of indicators by strategic goal (number of available indicators)	Average performance of indicators* by strategic goal in 2022	Comment
The total number of indicators and their performance for area I. Financial stability	19 (16)	87%	
1. Effective regulation of the financial sector and improvement of supervisory approaches	9 (8)	84%	Putting back on the legislative agenda the development of draft laws of Ukraine regarding this strategic goal will make it possible to significantly increase the actual values.
2. Transparent financial sector	3 (3)	84%	The implementation of the BEPS Action Plan, as well as the high levels of the shadow economy, are among the reasons for the lag.
3. Financial sector's resilience to challenges (shocks)	4 (4)	90%	
4. Increasing the quality of corporate governance and risk management in the financial sector	3 (1)	100%	

* The average performance of all indicators under the relevant goal for a certain period (2022) in the relevant area is based only on the available indicators.

Key areas for improving indicators going forward: catching up with legislative work, supporting lending to the economy, and ensuring the sustainability of government finances (1/2)

Strategic areas – strategic goals	The number of indicators by strategic goal (number of available indicators)	Average performance of indicators* by strategic goal in 2022	Comment
Total number of indicators and their performance for area II. Macroeconomic development	16 (11)	67%	
1. Ensuring the sustainability of public finances	4 (4)	55%	While under martial law, the significant reduction in the achievement of the planned values of the indicators of this strategic goal is understandable.
2. Support of lending to the economy	5 (4)	75%	In terms of the indicators of this strategic goal, the rate of the lending decrease in 2022 was higher than the rate of the GDP decline.
3. Enhancing protection of rights of creditors and investors	3 (1)	100%	
4. Creating conditions for raising long-term funding for the economy	4 (2)	57%	Attention to nonstate pension funds, the development of life insurance and of the stock market will make it possible to improve the achievement of the target value
Total number of indicators and their performance for area III. Financial inclusion	7 (6)	96%	
1. Enhancing accessibility and financial services usage	4 (3)	91%	
2. Enhancing protection of consumer rights in financial services	2 (2)	100%	
3. Improving financial literacy of households	1 (1)	100%	

* The average performance of all indicators under the relevant goal for a certain period (2022) in the relevant area is based only on the available indicators.

Key areas for improvement: resuming collection of data and/or replacing/updating indicators for some areas taking into account the conditions of martial law (2/2)

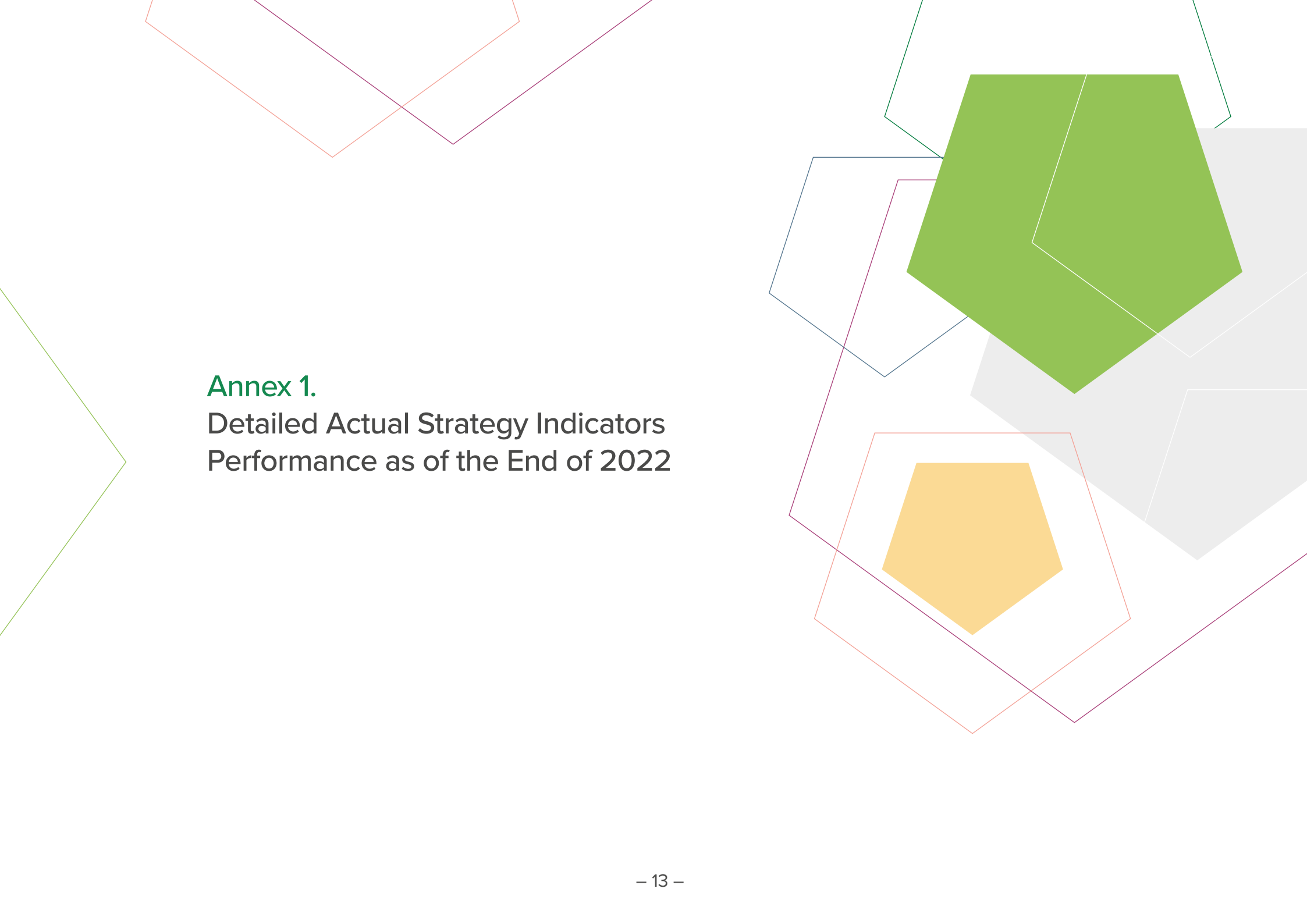
Strategic areas – strategic goals	The number of indicators by strategic goal (number of available indicators)	Average performance of indicators* by strategic goal in 2022	Comment
The total number of indicators and their performance for area IV. Financial market development	24 (17)	82%	
1. Promoting nonbank financial services markets	6 (6)	60%	The level of penetration of insurance, of CIU assets, and of the defined contribution pension system decreased along with the reduction of household incomes and the economy as a whole.
2. Effective capital market infrastructure	6 (4)	88%	Most of the target indicator activities were postponed due to the war.
3. Introducing liquid markets of financial instruments and mechanisms/instruments for mitigating the risks of financial transactions	8 (5)	96%	
4. Integrating the financial market of Ukraine into global finance	4 (2)	100%	

* The average performance of all indicators under the relevant goal for a certain period (2022) in the relevant area is based only on the available indicators.

Key areas for improvement: resuming collection of data and/or replacing/updating indicators for some areas taking into account the conditions of martial law (2/2)

Strategic areas – strategic goals	The number of indicators by strategic goal (number of available indicators)	Average performance of indicators* by strategic goal in 2022	Comment
The total number of indicators and their performance for area V. Innovative development	23 (20)	88%	
1. Developing transparent architecture of the financial market and oversight	8 (7)	93%	
2. Developing the FinTech market, digital technologies, and platforms of regulators	1 (1)	75%	Not all procedures to draft the laws to build a regulatory platform were completed during 2022.
3. Supporting development of SupTech&RegTech	5 (4)	72%	The biggest backlog was found in the development of the necessary laws for the operation of crowdfunding platforms.
4. Developing e-economy	5 (4)	100%	
4. Financial system cyber resilience	4 (4)	88%	

* The average performance of all indicators under the relevant goal for a certain period (2022) in the relevant area is based only on the available indicators.



Annex 1.
Detailed Actual Strategy Indicators
Performance as of the End of 2022

Lagging behind in terms of indicators of the first goal is caused by the delay in the passage of relevant laws

Strategy indicators performance in 2022 under goals of area I. Financial Stability

Titles of indicators of strategic goals under area I	01.01.2020	01.01.2023	2025
Transition to an integrated model of supervision and regulation	A sectoral model is applied	Being implemented according to plan	Financial sector supervision and regulation are conducted based on an integrated model
Implementation of regulation and supervision requirements under the EU-Ukraine Association Agreement	Being implemented according to plan	Being implemented according to plan	Regulation and supervision are being conducted in line with the EU-Ukraine Association Agreement
Signing of the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (IOSCO Memorandum)	The Memorandum has not been signed.	A working group created on the basis of the specialized committee of the Verkhovna Rada of Ukraine is preparing the draft law for the second reading.	(IOSCO Memorandum) [signed]
Implementation of EU acquis where it relates to combatting capital market fraud	Not implemented	A working group created on the basis of the specialized committee of the Verkhovna Rada of Ukraine is preparing the draft law for the second reading.	Legislation to combat capital market fraud meets EU MAR and MAD requirements

Completed

Completion underway according to the plan

Being completed with insignificant deviations from schedule

To be confirmed

The starting date has not yet commenced / Postponed

Lagging behind in terms of indicators of the first goal is caused by the delay in the passage of relevant laws

Strategy indicators performance in 2022 under goals of area **I. Financial Stability**

Titles of indicators of strategic goals under area I	01.01.2020	01.01.2023	2025
Implementation of the deposit guarantee system for members of credit unions and guaranteed payouts under universal life insurance agreements	Not implemented	In November–December 2022, weekly meetings of the joint working group with the DGF were held for item-by-item discussion of the revised text of legislative proposals on creating deposit guarantee schemes for credit union members. Based on the discussions, the working group members were sent an updated text of the amendments to the Law of Ukraine On Households Deposit Guarantee System. Regarding the establishment of a system to guarantee payments under universal life insurance agreements: during 2022, technical assistance from the World Bank was not completed, and so the work was suspended. Implementation of guarantee systems will take place as the industry becomes ready. Implementation of changes will also require the adoption of a new version of the Law of Ukraine On Credit Unions (registered as No. 5125).	The deposit guarantee system for members of credit unions and guaranteed payouts under universal life insurance agreements has been implemented
Establishing a mechanism for resolving insolvent nonbank financial institutions	Not created	In November–December 2022, weekly meetings of the joint working group with the DGF were held for item-by-item discussion of the revised text of legislative proposals. Implementation requires the passage of a new version of the Law of Ukraine On Credit Unions (registered as No. 5125).	A mechanism for resolving insolvent nonbank financial institutions has been created
Introduction of compensatory schemes to protect stock market investors	Not implemented	Action is to be implemented at a later time NSSMC: no legal framework has at this time been created to resolve the issue of introducing compensation schemes to protect stock market investors.	Compensatory schemes to protect stock market investors have been created and are working

Completed

Completion underway according to the plan

Being completed with insignificant deviations from schedule

To be confirmed

The starting date has not yet commenced / Postponed

Lagging behind in terms of indicators of the first goal is caused by the delay in the passage of relevant laws

Strategy indicators performance in 2022 under goals of area I. Financial Stability

Titles of indicators of strategic goals under area I	01.01.2020	01.01.2022	2025
Implementing oversight of the stock market infrastructure	Not implemented	<p>A repeat assessment of the Central Depository has been completed. A review has been carried out of the interim status reports on the implementation of recommendations from past assessments of key infrastructure elements. An interim report on the implementation by the Settlement Center of recommendations has been developed. The development of an NBU regulation on the conduct of oversight functions by the NBU has begun.</p> <p>NSSMC: a legal framework has been created to resolve the issue of the NBU's oversight of the Central Depository, the Central Counterparty, and the trading repository.</p>	Oversight of the stock market infrastructure has been implemented (for the central depository, securities settlements system, central counterparty, and trade repository) on a regular basis
Implementation of supervision fees in the stock market	Not implemented	<p>A working group created on the basis of the specialized committee of the Verkhovna Rada of Ukraine is preparing the draft law for the second reading.</p> <p>NSSMC: the development of a legal framework to resolve the issue of the introduction of supervision fees in the stock market [the parliament on 14 December 2021 passed the first reading of the Draft Law On Amending the Law of Ukraine On State Regulation of Capital Markets and Organized Goods Markets and some Other By-Laws of Ukraine Covering Regulation and Supervision the Capital Markets and Organized Goods Market (registered as No. 5865)]</p>	Financial capacity of the National Securities and Stock Market Commission has been ensured

Completed

Completion underway according to the plan

Being completed with insignificant deviations from schedule

To be confirmed

The starting date has not yet commenced / Postponed

An insufficient change in the indicator Decrease in the share of the shadow economy might cause the need for developing additional measures that would help attain the target level

Strategy indicators performance in 2022 under goals of area I. Financial Stability

Titles of numerical indicators of strategic goals under area I	01.01.2020	01.01.2021	01.01.2022	01.01.2023	2025
Decrease in the share of the shadow economy, % of GDP	28%	31%	31%	32%	At most 20% of GDP
Decrease in the volume of the banking system's NPLs, % of all loans	52,9%	41%	30%	38,12%	At most 10%
Net FX loans (corporate and retail) as a share of total loans, on a net basis	41,4%	35%	28,9%	32,53%	At most 30%
FX deposits (corporate and retail) as a share of total deposits	41,7%	42,4%	32,37%	36,10%	At most 30%
Share of eligible assets in total asset structure of insurers	66,7%	71,15%*	80,68%	87,21%	At least 80%

* The figure as of 1 January 2021 differs from the previous report due to revised methodology.

■ Completed
 ■ Completion underway according to the plan
 ■ Being completed with insignificant deviations from schedule
 ■ To be confirmed
 ■ The starting date has not yet commenced / Postponed

Two lagging indicators need more work to catch up with the Strategy roadmap schedule

Strategy indicators performance in 2022 under goals of area I. Financial Stability

Titles of numerical indicators of strategic goals under area I	01.01.2020	01.01.2023	2025
Implementing in Ukraine the Action Plan on Counteracting Base Erosion and Profit Shifting (the BEPS Action Plan)	A draft law prepared	Ukraine joined the BEPS Action Plan on 1 January 2017 and made a commitment to implement the so-called minimum standard (steps 5, 6, 13, and 14) of the Plan, which are four mandatory measures out of fifteen measures suggested. However, thanks to the adoption of a number of laws in 2019–2021 (in particular, Laws of Ukraine No. 2692-VIII dated 28 February 2019, No. 466-IX dated 16 January 2020, No. 1117-IX dated 17 December 2020, and 1525-IX dated 3 June 2021), Ukraine implemented 12 out of 15 steps (except for steps 2, 11, and 12). To meet the provisions of the said laws, respective secondary legislation was adopted.	Draft Law on the implementation of the BEPS action plan has been passed and written into regulations
Adopting the international standard for the Automatic Exchange of Information (AEOI) about financial accounts	A draft law prepared	The Law of Ukraine On Amendments to the Tax Code of Ukraine with Regard to Implementation of Automatic Exchange of Information about Financial Accounts, which took effect on 28 April 2023, except for some provisions that enter into force on 30 June 2023 and 1 January 2024.	Cross-border exchange of information has been done under the Common Reporting Standard (CRS)
Ensuring transparent ownership structure of the financial sector participants	100% transparency of banks' ownership structures has not been ensured for other financial market participants	N/A	100% of financial sector participants have a transparent ownership structure
Introduction of uniform standards of corporate governance and the internal control system for the participants of the financial sector based on the proportionality principle	Not implemented	The draft of Methodological Recommendations for Effective Corporate Governance on the Nonbank Financial Services Markets has been developed and approved. The draft has been prepared. The draft of the Regulation on Organization of Internal Control Systems in Providers of Financial Services and Nonbank Financial Groups (the transition model) has undergone public consultations.	Unified standards (principles) have been introduced for corporate governance and the internal control system for financial sector participants
Introduction of the system of social and environmental risks of borrowers in banks	Not implemented	Due to the Russian military aggression against Ukraine, the deadlines for implementing this measure were updated by NBU Board Decision No. 497 dated 7 October 2022.	Standards for assessing the social and environmental risks of borrowers in banks have been developed and approved

Completed
 Completion underway according to the plan
 Being completed with insignificant deviations from schedule
 To be confirmed
 The starting date has not yet commenced / Postponed

The indicators of strategic goals under area II that are shown on the slide require an update of target values that would correspond to both the economic reality in wartime and ambitions of post-war economic growth

Strategy indicators performance in 2022 under goals of area II. Macroeconomic Development

Titles of numerical indicators of strategic goals under area II	01.01.2020	01.01.2021	01.01.2022	01.01.2023	2025
Indicator of the ratio of the total volume of public and publicly guaranteed debt to GDP	60,4%	48,9%	45,2%	75,4%	At most 40%
Share of hryvnia-denominated public debt, % of the total public debt	41,0%	38,2%	40,0%	34,40%	At least 50%
Gradual reduction in the state budget deficit	2,1%	5,13%	3,60%	18,60%	2,0%
Share of state-owned banks in the banking system's assets	55,2%	52,6%	49,77%	52,97%	At most 25%
Net bank loans, % of GDP (corporate and retail)	16,5%	15,57%	13,0%	14,26%	At least 22%
Penetration of SME lending, % of GDP	1,4%	2,34%	1,62%	1,63%	3%
Penetration of nonbank lending, % of GDP	< 1,9%	1,82%	2,60%	1,47%	At least 3%
Penetration of financial leasing, % of GDP	< 0,66%	0,9%	0,70%	0,93%	At least 2%
Effective lending using trade finance and structured finance instruments	< 3%	< 3%	N/A	N/A	At least 10%

Completed

Completion underway according to the plan

Being completed with insignificant deviations from schedule

To be confirmed

The starting date has not yet commenced / Postponed

Indicators for the increase in assets of life insurers and private pension funds require both an adjustment of target values and new measures that would help attain the goal

Strategy indicators performance in 2022 under goals of area II. Macroeconomic Development

Titles of indicators of strategic goals under area II	01.01.2020	01.01.2023	2025
Implementation of an effective out-of-court recovery of collateral (pledge, mortgage)	Not implemented	On 27 July 2022, the parliament of Ukraine adopted Law of Ukraine No. 2455-IX On Amendments to Certain Laws of Ukraine Regarding Activities of Private Enforcement Agents and Enforcement of Decisions Made by Courts and Other Bodies (Officials) during Martial Law. (draft law No. 7317) and No. 2459-IX On Amendments to Certain Laws of Ukraine on Settlement of Overdue Debts under Martial Law in Ukraine (draft law No. 7414).	Implemented
Ukraine ranked higher in the Protecting Minority Investors category of the World Bank's Doing Business report.	45 (2020)	N/A	N/A
Ukraine ranked higher in the Resolving Insolvency category of the World Bank's Doing Business report.	146 (2020)	N/A	N/A
Ukraine ranked higher in the Venture Capital Availability component of the IGC World Economic Forum rating	Not implemented	N/A	N/A
"Classic" investment funds have been introduced: UCITS, money market funds, venture capital funds and hedge funds	Not implemented	N/A	The "classic" investment funds have been created and are operating
Penetration of pension assets with private pension funds	0.1% of GDP	0.1% (data as of 31 December 2021)	At least 1% of GDP
Proportion of life insurance in the total amount of net insurance premiums earned	11,7%	12,59%	At least 20%

Completed

Completion underway according to the plan

Being completed with insignificant deviations from schedule

To be confirmed

The starting date has not yet commenced / Postponed

It is recommended to add new measures taking into account the context of decreased levels of financial inclusion of Ukrainians during the war

Strategy indicators performance in 2022 under goals of area III. Financial inclusion

Titles of numerical indicators of strategic goals under area III	01.01.2020	01.01.2021	01.01.2022	01.01.2023	2025
Number of open basic accounts to the adult population number	63%	63%	84%	84%	80%
Cash (M0)-to-GDP ratio, %	12%	12,9%	10,60%	12,8%	At most 7.5%
Ratio of cashless card transactions (including P2P) to the total number of transactions	82,4%	86,9%	90,10%	N/A	At least 85%
Ratio of cashless card transactions (including P2P) to the total volume of transactions	50,3%	55,9%	60,90%	68,1%	65%
Public trust in the financial system	≈10%	≈10%	25%*	37,7%	60%
Disclosure index, including the existence of a variety of disclosure requirements:	2,0	N/A	3,0**	3,0	5,0
Financial literacy index (0 to 21)	11,6	11,6	12,3	12,3	12,5

* Clarification of the indicator value in 2021.

** The updated information was provided by the NBU's specialized unit.

■ Completed
 ■ Completion underway according to the plan
 ■ Being completed with insignificant deviations from schedule
 ■ To be confirmed
 ■ The starting date has not yet commenced / Postponed

Indicators of insurance penetration, assets of public CIUs, penetration of assets of the defined contribution pension system require an adjustment of target values and measures that would support their performance

Strategy indicators performance in 2022 under goals of area **IV. Financial markets development**

Titles of indicators of strategic goals under area IV	01.01.2020	01.01.2023	2025
Level of insurance penetration, % of GDP	1,4%	0,82%	At least 2%
Assets of public CIUs	0.1% of GDP	0.1% (data as of 31 December 2021)	No less than 5% of GDP
Assets of contribution pension provisioning	<0.1% of GDP	0.1% (data as of 31 December 2021)	At least 2% of GDP
Cancellation of types of insurance, including mandatory ones, and transition to classes of insurance	43 mandatory types	All the actions under the indicator were implemented in 2021 after the adoption of the relevant Law of Ukraine On Insurance. The Law on transition to insurance classes will take effect on 1 January 2024.	The transition to insurance classes took place
Introduction of legislative regulation of the market for contracts for difference	Not implemented	Legislative regulation of the market for contracts for difference was introduced	The market for contracts for difference has been written into law and into regulations
Introduction of regulation of the market for cryptoassets	Not introduced	On 17 February 2022, the Verkhovna Rada passed the Law of Ukraine On Virtual Assets with the President's proposals. On 15 March 2022, the Law of Ukraine On Virtual Assets was signed by the President of Ukraine. However, the Law has not entered into force yet. NSSMC's Decision No. 1346 dated 16 November 2022 established the Advisory Council on the Regulation of Virtual Assets, the main task is to develop and discuss legislative changes required for the introduction of the market for cryptoassets in Ukraine. Thus, in order to create a progressive and effective model for regulating the virtual asset market in line with the best international practices and European laws, in particular the Markets in Crypto-Assets Regulation (MiCA), the NSSMC, together with representatives of Ernst & Young, with the support of the USAID Financial Sector Reform Project, is taking steps to develop draft laws aimed at improving regulation and introducing taxes on transactions in the virtual assets market.	The market for cryptoassets was written into law and into regulations
The national general agreements in line with GMRA & ISDA are approved	Not implemented	A national general agreement in line with ISDA standards was implemented	General agreements GMRA & ISDA are approved and are implemented
The central elements of capital markets infrastructure, except for the Central Depository, are deprived of the monopoly power enshrined into law	Legislative monopoly on the post-trading infrastructure of capital markets	Completed	Amendments have been made that abolished the monopoly power of the central elements of capital markets infrastructure (except for the Central Depository)

Completed

Completion underway according to the plan

Being completed with insignificant deviations from schedule

To be confirmed

The starting date has not yet commenced / Postponed

A number of measures under goals 2 and 3 will be implemented in 2023, but the same goals will also require new indicators to replace those that are disposed of

Strategy indicators performance in 2022 under goals of area IV. Financial markets development

Titles of indicators of strategic goals under area IV	01.01.2020	01.01.2023	2025
International standards for the functioning of capital markets infrastructure have been gradually introduced	Not implemented	Completion underway according to plan	The functioning of capital markets infrastructure has been improved in accordance with international standards, including the requirements of CSDR, EMIR, MIFID II, MIFIR, PFMI
Making depository, clearing, and settlement infrastructure financially self-sufficient	Not implemented	Action is to be implemented at a later time	Making depository, clearing, and settlement infrastructure financially self-sufficient
Launching the market of infrastructure bonds in Ukraine, including green bonds	Not implemented	A legislative framework has been created to regulate the issuing of infrastructure and green bonds.	Infrastructure bonds and green bonds have been issued in Ukraine
Ukraine moves higher in the Market Capitalization component of the IGC World Economic Forum ranking Development of the financial market	136 (2019)	N/A	N/A
Ukraine moves higher in the Market Capitalization component of the IGC World Economic Forum ranking	112 (2019)	N/A	N/A
Introduction of the calculation of the yield curve for Ukraine's government bonds on a permanent basis	Not implemented	Implemented	The yield curve for Ukraine's government bonds is calculated on a permanent basis
Availability of a trading platform/platforms to ensure firm anonymous pricing in the domestic government debt securities market	None	Action is to be implemented at a later time	The trading platform serves at least 30% of the average daily trading volume
The circulation of documents of title has been launched	Not implemented	Creating a legislative framework for the introduction of the circulation of crop receipts as securities [the draft Law of Ukraine On Amending the Law of Ukraine On Crop Receipts and Some Other Legislative Acts of Ukraine on Crop Receipts Circulation and Operation has been submitted to the Verkhovna Rada for consideration. (registration number 2805 dated 29 December 2021, finalized)]	The legal framework has been created for the circulation of documents of title

Completed

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A significant part of the work is dedicated to creating a legislative framework and preparing for the integration of the Ukrainian financial market into the global one

Strategy indicators performance in 2022 under goals of area IV. Financial markets development

Titles of indicators of strategic goals under area IV	01.01.2020	01.01.2023	2025
Establishing the securitisation procedure in line with the new legislation of Ukraine	The legislation covers only securitization of mortgage loans	Creating a legislative framework for securitization (the Concept for the implementation of legal framework on covered bonds and securitization in Ukraine has been approved)	The legal framework has been created for securitization
The possibility of implementing the liquidation netting mechanism has been ensured	Not ensured	A legislative framework has been created for liquidation netting	The legal framework has been created for liquidation netting
Ensuring the functioning of markets for financial derivatives (derivative contracts and derivative securities)	Not ensured	Creating a legislative framework to regulate the functioning of markets for financial derivatives (derivative contracts and derivative securities). Amendments to the Tax Code of Ukraine are required to harmonize it with the basic law	A legal framework has been created for the functioning of markets for financial derivatives (derivative contracts and derivative securities)
Holding IPO of shares in Ukraine and public offering of corporate bonds	Not implemented	N/A	IPO of shares in Ukraine and public offering of corporate bonds have been held
Full implementation of the roadmap on currency liberalization	Roadmap approved	The implementation was not planned for 2022 due to the introduction of martial law	FX transactions are made without limits
FTSE has classified the financial market of Ukraine as Advanced Emerging	Not done	According to plan	Done
Inclusion of Ukrainian securities in the international index of emerging markets	Not included	According to plan	Ukrainian securities have been included in the international index
Inclusion of international financial institutions in the list of primary dealers in the market for domestic government debt securities	Not included	Action is to be implemented at a later time	Included

Completed

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The indicators of goal 1 show positive performance dynamics in meeting the targets for 2025. More ambitious tasks and target values for the indicators will need to be set in the new document

Strategy indicators performance in 2022 under goals of area V. Innovation development

Titles of indicators of strategic goals under area V	01.01.2020	01.01.2023	2025
PROSTIR payment system's member banks as a share of all banks	21%	30%	More than 70%
Acceptance of PROSTIR cards in Ukraine	POS – 98%; ATM – 87%; e-com>85%, p2p <50%	The level of PROSTIR cards acceptance in Ukraine's card-based payment infrastructure has been ensured at: PROSTIR EMP in Ukraine – POS>99.7 %, e-com>96%, ATM>94%, P2P>92%	More than 99%
The Law of Ukraine On Payment Services was passed and implemented, adjusted to the requirements of the EU directive PSD2	The Draft Law On Payment Services is under development	The Law of Ukraine On Payment Services has been adopted, implementing the requirements of the PSD2 Directive. This law came into effect on 1 August 2022.	Law passed and implemented
Establishing the Open Banking standards in the Ukrainian market	Not implemented	The concept of the Open Banking implementation has been developed but not approved. At the same time, the legislative framework for the Open Banking has been provided for in the Law of Ukraine On Payment Services.	At least 80% of payment service providers offer the option to work in the Open Banking format
Introducing new payment standards and formats (ISO 20022)	Not implemented	SEP based on the ISO 20022 standard was introduced on 1 April 2023.	New ISO 20022 standards have been introduced
Introduction of QR codes for money transfers	Not implemented	10 banks have integrated the NBU's QR code into their applications, and some service providers and state authorities generate QR codes on payment documents to transfer funds. The function of transferring funds/making payments via a QR-code is available for more than 60% of bank customers – individuals who have been issued an EPS	The rules for using the QR code for transferring funds have been approved and implemented
Extending the SEP 24/7 operating procedure	From 8:30 a.m. to 7:00 p.m. on business days	23/7	SEP operates 24/7
Introducing Instant Payments	Not implemented	The concept of the instant payment system has been revised, taking into account the comments received at the meeting of the NBU's Change Management Committee and new realities (priorities in implementing the system's functionalities have been changed, including in line with the NBU's chosen course of integration into the European community). The concept includes three main aspects of creating a system. The concept was submitted for approval by the NBU's Change Management Committee that decided to launch a new separate project for instant payments	Implemented

Completed

Completion underway according to the plan

Being completed with insignificant deviations from schedule

To be confirmed

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The first results of the regulatory platform operation will be obtained in 2023, but more efforts are needed to regulate crowdfunding platforms and introduce technology in supervisory processes

Strategy indicators performance in 2022 under goals of area V. Innovation development

Titles of indicators of strategic goals under area V	01.01.2020	01.01.2023	2025
Creation and functioning of a regulatory sandbox at the NBU	The NBU Expert Council on communication with innovative companies and projects has been created	Changes have been made to the implementation model. The NBU's regulatory platform is implemented for authorized players only. The regulation is expected to be approved by the NBU Board.	A regulatory Sandbox has been introduced and is functioning at the NBU Amendments have been made to Ukrainian legislation
Stimulating the development and regulation of crowdfunding platforms	Not regulated	No legislative framework for regulating the operation of crowdfunding platforms has been created	Activities of crowdfunding companies are governed by relevant regulations
Introduction of technologies in the SupTech&RegTech supervisory processes	Not applicable	A roadmap for implementing supervisory decisions has been developed and prepared for approval. The global RegTech market practices have been analyzed An external concept of the regulatory technologies (RegTech) development in Ukraine has been drafted and communication on its coordination with the NBU team is underway	SupTech&RegTech are actively used in supervisory processes
Implementation of a data-centric model for the detection of operations related to the legalization (laundering) of proceeds obtained through crime	Not implemented	Measures are being taken to: <ul style="list-style-type: none"> analyze financial transactions of reporting entities to identify transaction models that have the characteristics of being used to legalize (launder) proceeds from crime, terrorist financing, and the financing of the proliferation of weapons of mass destruction based on modern technologies ensure the development of models for the detection of atypical abnormalities to identify potential new schemes to legalize (launder) proceeds from crime, terrorist financing, and the financing of the proliferation of weapons of mass destruction 	The model has been implemented and is functioning
Creating an electronic personal account for cooperating with financial institutions	None	N/A	Created
Creating a register of insurance intermediaries	None	On 18 November 2023, the Verkhovna Rada adopted the Law of Ukraine On Insurance. As the Law takes effect on 1 January 2024, and the section on regulation of insurance intermediaries takes effect on 1 January 2025, the Register of Insurance Intermediaries will actually be created on 1 January 2025. The state register of insurance and reinsurance brokers has been created	Created

■ Completed
■ Completion underway according to the plan
■ Being completed with insignificant deviations from schedule
■ To be confirmed
■ The starting date has not yet commenced / Postponed

The participation of banks in the NBU's BankID system has reached the target value (1/2)

Strategy indicators performance in 2022 under goals of area V. Innovation development

Titles of indicators of strategic goals under area V	01.01.2020	01.01.2023	2025
Providing an open access of regulators and financial market participants to open data bases	Not ensured	<ol style="list-style-type: none"> 1. Stakeholders' business requirements for setting up the NBU's technological access to public registers have been collected and documented 2. two options for technical solutions have been evaluated and the option of connecting to the TREMBITA system was approved by the NBU's Change Management Committee 3. The NBU has joined the TREMBITA system and concluded agreements on exchanging information on the Uniform State Register, the State Register of Encumbrances of Movable property, and the Register of Property Rights to Real Estate with the Ministry of Justice of Ukraine. 4. system components have been installed and the test environment of the TREMBITA system has been set up 5. organization of the use of electronic seals and options for implementing CIPS in the system components have been analyzed 6. an explanatory note and a draft law On Amendments to Certain Laws of Ukraine on Expanding Access of the National Bank of Ukraine and Banks to State Electronic Information Resources have been prepared 7. the Protocol for the Exchange of Information to the Agreement on Information Cooperation dated 22 December 2020 between the SFSU and the NBU was signed 8. an agreement has been reached with the PF to provide banks with information on clients from the Register of Insured Persons 	Access to data bases was provided and is actively used
A centralized online database has been created on insurance agreements that are mandatory under Ukrainian legislation, with the possibility of monitoring their conclusion and operation	Not created	On 18 November 2021, the Verkhovna Rada adopted the Law of Ukraine On Insurance. As the Law takes effect on 1 January 2024, a centralized online database of insurance agreements that are mandatory under Ukrainian law will be created after this Law comes into effect	Database has been created and access to it granted


Completed
 Completion underway according to the plan
 Being completed with insignificant deviations from schedule
 To be confirmed
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The participation of banks in the NBU's BankID system has reached the target value (2/2)

Strategy indicators performance in 2022 under goals of area V. Innovation development


Titles of indicators of strategic goals under area V	01.01.2020	01.01.2023	2025
Increase in the number of banks participating in the NBU BankID system, as a percentage of the ratio between the value of assets and the value of assets of all banks	22,5%	At the end of 2022, the NBU's BankID System included 39 participating banks with a share of assets of more than 90% of all banks' total assets	At least 70%
Percentage of car accidents settled by using the European Accident Statement	34,05%	N/A	At least 50%
Proportion of agreements on compulsory third party liability insurance of motor vehicle owners concluded online	15,08%	A new draft law on MTPL has been prepared, which provides for a transition to electronic MTPL contracts	100%

 Completed

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 To be confirmed

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Indicators of the new goal under area V reached or exceeded target values

Strategy indicators performance in 2022 under goals of area V. Innovation development

Titles of indicators of strategic goals under area V	–	01.01.2022	01.01.2023	2025
Cybersecurity and information security in the financial sector have been regulated	–	<35%	50%	80%
Implementation of specialized control over the compliance with the cybersecurity and information security requirements (% of average specialized control over assessment of the required control)	–	<30%	55%	80%
Number of qualified electronic signature certificates issued to clients of qualified providers of electronic trust services in the financial sector, million pcs.	–	5	7,1	9
National Cyber Security Index (Ukraine's position) (25 in 2020) (22 in 2024)	–	25	24	22

* Indicators introduced after the last revision of the SFMS in 2021.


Completed

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Please send your proposals to the
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